



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 8 May 2007**

**9164/07**

**COMPET 129**

**NOTE**

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from :	Presidency
to :	Council
prev. doc.	8896/07 COMPET 109
Subject :	Better Regulation / Reduction of administrative burdens
	- Progress report

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Following preparation in the Permanent Representatives Committee on 4 May 2007, the Presidency hereby submits in the Annex a progress report on Better Regulation.

The Council (Competitiveness) is invited to take note of this progress report at its forthcoming session on 21/22 May 2007.

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**Draft**

**Progress Report on Better Regulation**

**Presented by the German Presidency to the Competitiveness Council, 21-22 May 2007**

**Introduction**

1. Europe needs to adapt in order to meet the challenges of a globalised market place. By improving the quality and form of the regulatory environment and reducing administrative burdens, the Better Regulation agenda provides an important contribution to strengthening competitiveness and supporting sustainable growth and employment. The importance of this agenda was explicitly recognised by the March 2007 European Council.
2. Following in the footsteps of the last six Presidencies, the German Presidency has ensured that Better Regulation issues have been considered across a wide range of policy areas, in keeping with the horizontal applicability of Better Regulation practices. The Presidency's approach was based on the 18-month programme drawn up by the three Presidencies Germany, Portugal and Slovenia.
3. The Presidency welcomes the many positive developments that have taken place since the last progress report in December 2006. These notably include: the adoption and launch of an ambitious Action Plan for reducing administrative burdens, the external evaluation of the Commission's impact assessment system, and the establishment of an internal "Impact Assessment Board" in the Commission. They also include further progress in bedding down Better Regulation practices, such as giving habitual consideration to Commission impact assessments in Council deliberations, and successes in adopting simplification proposals.

## Administrative Burdens

4. The most significant recent initiative was the adoption of the Action Programme for Reducing Administrative Burdens in the European Union at the 2007 Spring European Council. Reducing administrative burdens arising from EU legislation by 25% by 2012 will contribute significantly to enhancing Europe's competitiveness. Given that many burdens arise from national legislation as well, it is important that the European Council invited the Member States to set their own national targets of comparable ambition within their spheres of competence by 2008, taking into account the different starting points and traditions of the Member States. The Presidency welcomes the fact that some Member States have already set their own national targets for reducing administrative burdens and invites those Member States who have not yet done so to do this.
5. Now is the time to move from aspirations to delivery. Measurements in the 13 priority areas are due to commence this summer. The Group of High Level National Regulatory Experts meet regularly, and last met on 24 April to consider recent developments and advise the Commission. A high level stakeholders committee will be established by the Commission to provide further advice in implementing the Action Programme. The Commission will also set up a consultation portal on the Europa website to collect feedback from business.
6. A key part of the Action Programme is the rapid adoption of 10 administrative burden reduction proposals (the "fast-track" actions). These will make an important initial contribution to reaching the reduction target and relieving European companies of concrete burdens, and will demonstrate the EU's commitment to making rapid progress in this area. The Commission has already tabled 9 actions and the last action should be tabled in May. Of the four falling into the Commission's implementing powers, one proposal has already been adopted in comitology and 3 are currently being considered. Of the 6 proposals requiring the agreement of Parliament and Council, 5 are currently being considered by the legislators. The German and Portuguese Presidencies will seek to make progress on the remaining proposals with a view to their adoption as soon as possible in 2007. The Presidency also calls upon the Commission to continue to bring forward proposals for fast-track action on a regular basis, in line with its commitments on stakeholder, including Member State, involvement.

## Impact Assessments

7. By providing assessments and, where possible, evidence about the costs and benefits of individual proposals and policy options, impact assessments can greatly assist decision-makers and help improve legislative proposals. 26 legislative proposals and other major Commission initiatives have been accompanied by impact assessments<sup>1</sup> in 2007 to date.
8. Whilst considerable progress has been achieved in this area, more is required. The establishment of an internal “Impact Assessment Board” (IAB) by the Commission is an important step in further improving the impact assessment system. Impact assessments for 19 initiatives have already been scrutinised by the IAB since its inception on 14 November 2006. The Commission’s intention is that the Board’s opinions are made available to the co-legislators and the public once the corresponding initiatives have been adopted by the Commission. In the interest of transparency, the Presidency underlines the need for IAB opinions to be published as a matter of course.
9. The comprehensive independent evaluation of the Commission’s IA system should help improve integrated IAs yet further. This evaluation is due to be published in May 2007 and the Commission will respond formally to its findings. The Presidency expects that the Commission’s response will focus on: ensuring the balanced treatment of all relevant aspects (economic, environmental and social) of impact assessments; considering the scope of proposals subject to impact assessments; enhanced consideration of aspects relevant to external competitiveness, as mandated by the 2007 Spring Council; as well as the points raised by the Austrian presidency in its progress report to the May 2006 Competitiveness Council (improvements in relation to: quantitative analysis, stakeholder consultation, SME impacts, the possible use of alternatives to regulation). The Presidency welcomes the Commission’s intention to ensure that an (ex ante) assessment of administrative costs is integrated into its impact assessments whenever a measure is likely to impose significant administrative costs on business, the voluntary sector or public authorities.

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<sup>1</sup> [http://ec.europa.eu/governance/impact/cia\\_2007\\_en.htm](http://ec.europa.eu/governance/impact/cia_2007_en.htm)

10. An important further step will be the 2008 Spring Council's deliberations. The European Council of 8 /9 March 2007 underlined that in Spring 2008 the European Council will consider on the basis of a review by the Commission whether further action is needed, taken into account different options, including a group of independent experts to advise the institutions on their work towards Better Regulation.
11. The 2007 Spring Council also underlined the need for the Council and the European Parliament to make better use of impact assessments.
12. In this regard, the Presidency notes the progress made by the European Parliament in carrying out impact assessments including on substantive amendments to Commission proposals. The Presidency understands that the adoption of a framework contract allows for the delivery of the required analysis despite the very tight time constraints imposed by the legislative process. Further discussions with the EP would be welcome in order to exchange best practice.
13. With respect to Council, 25 Commission IAs have been debated to date during the German Presidency. The practice of considering and debating impact assessments in Council discussions has now become further established. Experience has shown that IAs have been accorded different weight in different working groups. Overall, further work is needed to enhance the capacity of the Council to prepare and consider IAs. The Presidency consequently welcomes that the indicative guidance developed under the Austrian Presidency will be given to all incoming Working Party Chairs in future. The current Presidency and the incoming Portuguese and Slovenian Presidencies will continue to consider, together with the Council Secretariat, how to enhance the Council's institutional capabilities with respect to IAs.

14. In the 2005 Inter-institutional Common Approach to Impact Assessment, the Council and the other institutions committed themselves to carrying out a review of their respective experiences of impact assessments within two years. In this context, the scope of the common approach could be reviewed, as foreseen in the Review Clause. This review provides a good opportunity to improve the consideration of impact assessments in Council.

### Simplification

15. Further to the importance given by the Spring European Council to achieving concrete results in the field of simplification, the Presidency welcomes the Commission's work on regularly updating its simplification rolling programme and the fact that simplification initiatives are included in the Commission's legislative and work programme for 2007 for the first time.
16. In 2007, the Commission has programmed 59 simplification initiatives, including the 11 carryovers from 2006. 10 of these have been tabled by the Commission. 33 proposals are currently being considered by the legislator whilst a further 5 have been adopted in the Council so far. The Presidency considers that negotiations should be progressed with the aim of adopting proposals at the earliest stage possible, in line with the procedures of the Treaty. In this context, the Presidency encourages the Commission to give as much information as possible about the potential impacts of simplification proposals. The European Council asked the Council to pay particular attention to simplification proposals which it considers to be priorities.
17. The co-legislators are informed every month about the Commission's progress in tabling simplification proposals. These updates are also published on the Europa website<sup>1</sup>. Following the example of the Finnish Presidency, the German Presidency will inform COREPER of progress made in adopting simplification proposals end June 2007.

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<sup>1</sup> Tables listing expected progress ("Forward Programming") and progress achieved ("Execution Reports") can be accessed from [http://ec.europa.eu/atwork/programmes/index\\_en.htm](http://ec.europa.eu/atwork/programmes/index_en.htm)

18. In October 2006, the Commission re-launched its codification programme with the objective of codifying the *acquis* by the end of 2008. Since the relaunch, 14 new legislative acts have been adopted by the Council while 15 autonomous codification acts have been adopted by the Commission. During the same period, the Commission has prepared 19 other codification proposals and over 100 new codification acts are foreseen for 2007. 38 codification proposals are currently pending before the co-legislators.

#### Better Regulation in the Member States

19. The Commission's Communication on Implementing the Renewed Lisbon Strategy for Growth and Jobs (COM(2006) 816 final) underlined that the Member States had made significant progress in adopting better regulation practices, notably with respect to the measuring and reducing administrative burdens, with impact assessments, and in relation to ad hoc simplification measures. However, greater efforts are needed. The Communication emphasised that a new regulatory culture at both national and Community level would cut costs and open up new opportunities.
20. Within the framework of the Sigma programme of the OECD and EU, a peer review of the New Member States' better regulation policies was conducted in order to gain a better understanding of their application of better regulation practices (Regulatory Management Capacities of Member States of the European Union that Joined the Union on May 1, 2004, with an on-going extension to Bulgaria and Romania in 2007). The various country specific reports, which are currently being used to help the launch of national reform programmes, identify the good work done and make recommendations for further improvements. The final synthesis report stresses that better regulation is not a "one shot" policy but is something which requires sustained and long-term commitment.<sup>1</sup>

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<sup>1</sup> Further information can be found at:

[http://ec.europa.eu/governance/better\\_regulation/ms\\_action\\_en.htm](http://ec.europa.eu/governance/better_regulation/ms_action_en.htm)

### Further Work/ Reviewing Progress

21. The February Competitiveness Council conclusions included a commitment to review progress on all aspects of better regulation on a yearly basis. Further efforts are also required to ensure that Better Regulation practices become even more embedded into the Council's legislative practices.
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